

HOOD
50.97 ▲

TGT
261.40 ▲

PINS
60.33 ▼

TXN
193.65 ▲

AAPL
146.25 ▼

FDX
275.41 ▲

AMD
106.34 ▲

MSFT
289.78 ▲

One Bar Ahead AUGUST 2021™

BY KEITH FITZ-GERALD

**This Company
Can't Stop
INNOVATING!**

DaaS:

**A New
Trillion Dollar
Industry in the making**

HOLD'EM OR FOLD'EM
A Quick Guide for
Cash Secured Put Sellers

The one defense
STOCK
trading for
HALF
of what it's
actually worth

High Performance
Over 50

**New Research
Blockbuster
Results**

Disclaimers

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Letter from Keith

Dear Reader,

Every now and then something catches you by surprise.

That was the case for me when I met former Marine and actor, R. Lee Ermey by accident years ago in Los Angeles shortly after Stanley Kubrick's film Full Metal Jacket was released in 1987. Initially a technical advisor, Ermey took on the role of sadistic and high-strung Gunnery Sergeant Hartman as a Parris Island drill instructor.

To be honest, I didn't know what to expect... a tough as nails Marine, a Hollywood personality, or just a humble man originally from Kansas who went on to act in 70 films and more than 200 TV episodes.

I got a little of all three, along with some of the best advice I've ever received.

Ermey was bigger than life but, importantly, an extremely gracious and soft-spoken man who took a few minutes out of his busy day to spend some time with me over a cup of coffee. Los Angeles was like that back then; there was no telling who you'd run into on any given day. Or where.

Anyway, we talked about a number of things including how he was able to deliver such a knockout performance in Kubrick's film. Not many people realize this, but Ermey actually received a Golden Globe nomination!

Ermev said it came down to the sense of responsibility he felt as a real-life Marine drill instructor preparing recruits for combat in Vietnam. If you learn to convince yourself that you can succeed, Ermev said, "you will."

That's stuck with me over the years. What's more, I think it's still very powerful advice if not the most important advice I've ever received.

Doubt is an investor's biggest liability.

It doesn't matter whether we're talking about the headlines, specific stocks or even politics. If you doubt what you are doing, odds are you will not succeed.

Convince yourself that you can succeed...

...and you will!

Being One Bar Ahead™ is about more than money.

It's an optimistic mindset that we need to keep front and center at all times. Doing so creates the confidence needed to overcome otherwise seemingly insurmountable challenges that derail most investors.

We WILL win and, in many cases, already are!

This month we're "betting on America."

I remain convinced that the Fed has lost the plot when it comes to inflation. That's why my first recommendation focuses on a key consumer related choice that will benefit from a growing number of hungry American consumers keen to make every dollar count. The yield isn't as high as I'd normally like, but I'll gladly take the ultra-low beta of 0.65 it provides as a source of stability ahead of the Fed's next move!

Then we'll move on to a defense player ideally positioned for growth, particularly if already tricky global politics worsen. Many people have given up on defense stocks because the Biden Administration does not seem to prioritize them, but I don't think there's a politician alive today who'll sell out national defense if push comes to shove.

Kuni has a special look DaaS (Diagnosis as a Service), a new term he's coined to reflect what we see as a new trillion-dollar industry emerging within the next two years. It's an inflection point you will not want to miss!

Plus, I've got a few thoughts on how to know when to "hold 'em" or "fold 'em" – an ode one of my favorite Kenny Rogers songs, the Gambler. You can start using the takeaways immediately, even if you're not into options!

We'll wrap up with a look at new supplement research and the surprising blockbuster results being achieved.

Before we move on though, I owe you a big thank you!

We're implementing a number of changes you suggested recently in response to my survey asking how we could improve the One Bar Ahead™ experience.

Examples include making the magazine shorter, focusing more on strategic deep dives (like DaaS), and providing more actionable choices with each recommendation. We'll also be making the monthly Ask Keith part of the weekly Ask Me Anything (AMAs) that are so very popular. And, finally, we'll be more clearly defining each "Action to Take."

As always, I'm thrilled you're here!

Thank you for being part of the One Bar Ahead™ Family!

Best regards for health and wealth,

KF

PS: Mr. Ermey passed away a few years back in 2018 so I never got a chance to thank him for the impact his advice has had on my career but if you're out there reading along ... *Semper Fi*, Gunny!

PPS: What summer adventures have you enjoyed? Is there a new recipe you've tried or a place you've visited? Which stocks are you most excited about? Send pictures if you can – we love learning more about YOU. My team and I read every note we receive.

magazine@onebarahead.com

Chapter 1

THIS COMPANY CAN'T STOP INNOVATING

And 100+ million people pay to shop there!

A photograph of a large warehouse aisle, likely a Costco or similar big-box store. The aisle is lined with high, industrial shelving units filled with various goods, including boxes and bags. The floor is a smooth, light-colored concrete. In the distance, several people are visible, some pushing shopping carts. The lighting is bright and even, typical of a large retail space. The overall scene conveys a sense of a well-stocked, organized retail environment.

THIS COMPANY CAN'T STOP INNOVATING

● Inflation is out of control.

You know that and I know that. So does the Fed, only it won't take action because that would be tantamount to admitting they've lost the plot.

Team Powell is sticking to the 2% narrative and "come hell or high water" that means it's making several key mistakes.

Fed Mistake #1

First, the Fed is not accounting for the time it takes monetary policy to work. Team Powell seems to assume it's an instantaneous change with a larger proportional impact within the first 12 months then smaller inputs two and three years out.

Adding insult to injury, the Fed has repeatedly declared that it will take action after it sees inflation rear its ugly head and move past the 2% target it's set (using desperately flawed models, I might add).

That's a lot like saying you'll turn the steering wheel after you have an accident. Not very helpful.

I used to get very angry about this stuff because I thought there's no way anybody in his or her right mind at the Fed could fail to notice that food, gasoline, medicine, education, and materials ALL cost substantially more than they used to. Then I remembered that very few senior Fed officials probably buy their own gasoline or groceries and that they likely have very cushy federal (read taxpayer) subsidized health plans.

Transitory ... like heck!!!

Fed Mistake #2

Second, I have to believe that the Fed is aware of growing public anger over inflation but, again, is unwilling to do anything about it because they don't live in the same world as we – you and I – do. The Fed is worried about tapping the brakes which, in keeping with the first problem, means they're going to act too late.



"It's transitory" - famous last words

Any changes at this point are merely intended to keep the stock market from cratering because there's no way short of a Volker-style "torpedo" that they're going to put the genie back in the bottle.

I find it very telling that JPMorgan CEO Jamie Dimon and I are of like thinking on this issue. He told Maria Bartiromo during an exclusive interview recently that he disagrees with the Fed because he's looking ahead at money that has yet to be spent.

You really should watch the interview segment if you can. It's interesting and informative.

Fed Mistake #3

Third, the Fed prefers inflation which sounds great in theory because it implies a constantly expanding asset base. Yet, in reality, too much money expands investment and growth beyond sustainable levels.

Not surprisingly, that's why stock markets continue to chug higher. The siren to spend "cheap" money is irresistible as long as rates remain low. Only the money's not there because it's been replaced by trillions of dollars in debt.

We know what's coming just as surely as we know the sun will come up tomorrow which is why it makes all the sense in the world to prepare for that now.

The Fed will make a move and the markets will adjust when that happens. Not if.

THIS COMPANY CAN'T STOP INNOVATING

To paraphrase the late MIT economist, Rudi Dornbusch, none of the expansions of the latter 20th century died of old age. They were all murdered by the Federal Reserve.

Thankfully...

● There IS a path forward

My first recommendation this month is **Costco (COST)**.

Consumers are struggling to keep pace with inflation that the Fed says doesn't exist. Anger is rising and so is the need to make every dollar go farther.

The value proposition is very easy to understand.

Sell gobs of high-quality, low-price stuff you can purchase in bulk, move it immediately on to the sales floor and right out the door with as little human interaction as possible. Make your money on memberships.

It's a brilliant formula that all comes down to a single premise.

Making consumers feel like they're getting a bargain even if they're not.

Nothing in the Costco experience is left to chance because of something called "design psychology." If you're not familiar with the concept, this is straight outta the playbook used to design topflight Las Vegas casinos.



Design psychology encourages buying

Let me explain.

Billionaire casino magnate operator Steve Wynn figured out years ago that people are far more likely to spend money when they're in big spaces, feel safe, and relaxed. People, noted Wynn in a 2012 New Yorker interview, "tend to take on the characteristics of a room" which is why his casinos ooze sophisticated luxury.

Costco does the same thing, but with bargains.

Costco doesn't have aisle numbers, so you wander. Samples are located at key entry points that boost sales and encourage grazing. Locating pharmacies and hearing aid departments the way they have requires consumers to navigate through the store which in turn, makes impulse purchasing far more likely.

Chances are good you know exactly what I'm talking about.

Noriko positively cringes when I stop at the sample tables because she knows that all sorts of things not on our shopping list will "jump" into the cart by checkout. Good thing she loves me!

It's an exceptionally profitable business model.

Consider:

- 58,100,000 paid members / 105,500,000 total cardholders as of 2020
- 91% of paid members renew annually in the US and 88% worldwide
- Membership fees increase roughly every 5 years.
- Sales per warehouse grows roughly 23% every 5 years.
- Average customer's income is \$100,000+
- 25% of sales come from Kirkland branded products
- Online orders are up 76% over the past year
- Same-day groceries services are up 450%

THIS COMPANY CAN'T STOP INNOVATING

The Fundamentals

Costco is in solid shape as you might expect.

The company's Piotroski Score is a 6 which means it's in "Good Health." As you can see, that's actually an increase from its previous base of 5, which is great because it means Costco's fundamentals are improving. Unfortunately, Costco doesn't offer much in the way of yield, just 0.66%.

However, I'll take it.

Costco also sports a Beta of just 0.65 which means that the company's stock is roughly 35% less volatile than the broader markets.

Our research shows that a low Beta choice like COST could provide a very welcome source of stability when the Fed ultimately changes its stance. And of course, profits.

Company Fundamentals

The current Piotroski Score is: **6 - (Good Health)**



The Master Market Indicator (MMI)

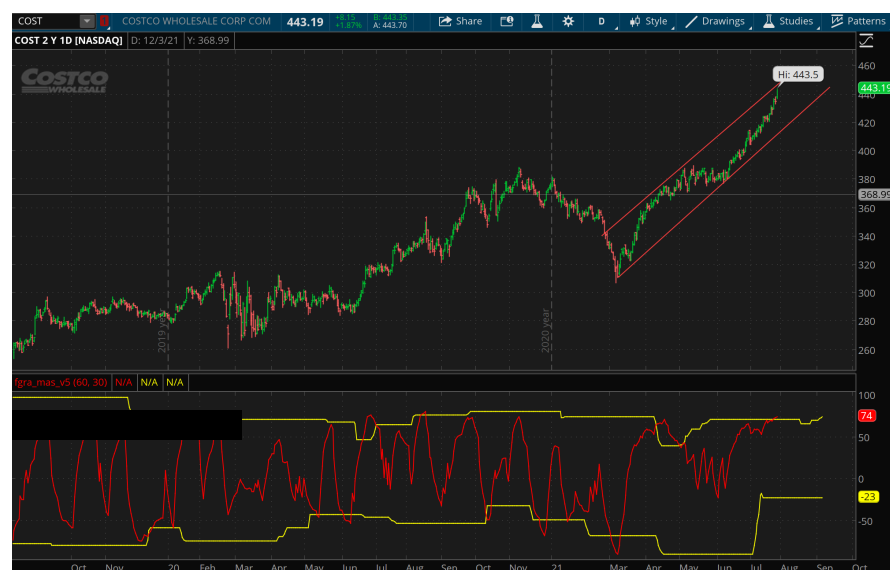
The MMI is "hotter" than I'd like but don't let that sway you. That's something we can work with just like we have with MCD, AAPL and MSFT earlier this year.

Costco is trading near all-time highs as I write. Many people will interpret that as a sign that what goes up must come down and I can't blame them one bit.

Things are different now.

The company is tracking new highs and fully capable of \$540 a share within the next 12-24 months if the Fed stays on the sidelines and there isn't a fresh round of lockdowns to contend with. Moreover, COST is in a great position to deal with supply chain disruptions that will pressure traditional retailers.

Technically speaking, there's a classic channel ranging from the \$325 low which I've outlined in red.



Action to take

Buy Costco (COST) for \$445 a share or less to start the journey. Immediately implement a trailing stop 25% below your purchase price to protect your capital and your profits. Tuck shares away in the Global Growth and Income section of the recommended portfolio. Plan on adding more any time there's a dip. Or, simply use Dollar Cost Averaging to accomplish the same thing.

If you're willing to make a bigger, riskier bet, consider buying the 17 June 2022 \$420 call (COST220617C00420000) which last traded at \$41.54 as I type. Set and track a trailing stop as if you had purchased the stock. That's because options are typically more volatile than the underlying stocks they track so it's helpful to track the stock as a proxy.

Consider selling Cash-Secured puts around \$405 per share if you're keen to get paid for shopping and like buying shares at a discount. The September 17 2021 \$405 puts (COST210917P00405000) last traded for \$2.08.

THE ONE DEFENSE COMPANY

That could be trading for HALF of what it's worth

The background of the slide is a dark, high-contrast photograph of an F-35 fighter jet. The jet is shown from a low-angle perspective, looking up at its underside. The lighting is dramatic, highlighting the complex, angular surfaces of the aircraft's stealth design. The text is overlaid on this image in a clean, white, sans-serif font. The overall aesthetic is professional and military-themed.

THE BEST DEFENSE MONEY CAN BUY

“Anybody who isn’t buying big tech right now isn’t paying attention.”

That’s what I told Fox Business Network’s Maria Bartiromo during an interview earlier this year when everybody and their uncle was selling big tech stocks hand over fist.

The mainstream media called it a “great value rotation” but I think the great mistake is far more appropriate.

Big tech now accounts for 21 of the world’s 50 top companies by number and 42% of sales. Six out of the largest 7 companies are tech driven.

I recommended Microsoft (MSFT).

People were incredibly skeptical and, frankly, I loved it.

Being One Bar Ahead™ of everybody else comes down to something very simple ... finding extraordinary stocks nobody wants trading at prices very few are prepared to pay. That and getting your money there first.

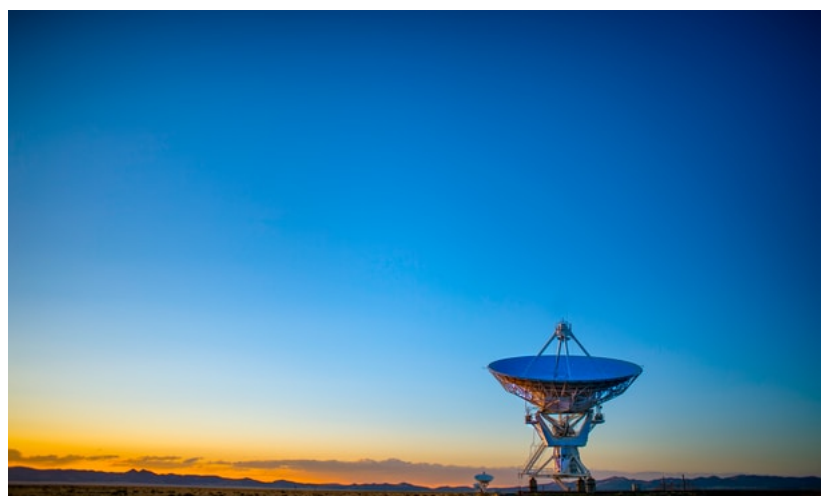
Since then, Microsoft (MSFT) has soared.

I hope you’re following along because the company has returned 27.4% since I recommended it versus just 15.28% from the S&P 500. That’s nearly double the return you’d have if you’d purchased the S&P 500 index.

The company just blew out earnings reporting a jaw-dropping “double” meaning it beat on both the top and bottom lines. And not by a teensy amount either. Microsoft beat EPS by 13% posting \$46.15B top line and \$2.17 per share bottom line.

● **Now, there’s an even better story**

Big tech is charging ahead but defense has fallen behind. Investors are not sure what to do because defense stocks are not traditionally thought of as inflation resistant. Worse, President Biden doesn’t seem to prioritize ‘em, a remark I’ve heard more than once recently.



Space-based intelligence will pay BIG!

Technically speaking, the stock I’m going to share with you is consolidating at support first established in 2018, has an appealing yield of 2.34% and, critically a Beta of just 1.06 which means that there’s plenty of stability on offer.

Even better, mainstream analysts can’t decide what to do with it. Ratings are all over the proverbial map which boosts volatility and creates opportunity at the same time. Just like Microsoft a few months ago.

Raytheon may be trading for ½ of what it’s actually worth.

Raytheon Technologies Corp. (RTX) is trading at just \$87.91 a share as I type. It’s been under pressure lately but starting to gather strength.

My target is at least \$140 a share 12 months from now but possibly as high as \$170 a share 24 months out.

Raytheon is straightforward. Most folks know that the company is a primary defense contractor serving key aerospace and defense systems based in Waltham, MA.

What catches a lot of people by surprise, though, is this ... Raytheon is also one of the world’s largest *intelligence* services providers.

This means that the company lines up nicely with Digitalization, the largest of the “5D’s” we follow because it’s backed by trillions of dollars that have yet to be spent.

That’s key ... yet to be spent.

THE BEST DEFENSE MONEY CAN BUY

Consider:

- Raytheon reported blockbuster Q2 numbers including a \$15.88 billion top line and \$1.03 per share in net profits versus expectations of \$15.41 and \$0.93 per share.
- Commercial aftermarket sales including ongoing avionics support for Boeing and Airbus aircraft are up 24% while commercial OEM sales are up 8%.
- Pratt & Whitney engine sales grew by 21%, reflecting an average of 41% growth in the commercial aftermarket, 30% in commercial OEM sales and a decline of -3% in military sales.
- Missiles and defense sales growth is just 7% but there is substantially increasing volume on the International Patriot and StormBreaker programs. The year to date “book to bill” ratio reflects 1.12 but, importantly, the Q2 book to bill ratio stands at 1.55 and will likely increase. These figures include \$2 billion for the LRSWS (Long Range Standoff Weapon System) and \$1.3 billion for the Next Generation Interceptor. Backlog is \$29.7 billion.
- *Most importantly for our purposes, the Intelligence & Space Segments grew just 5% in terms of organic sales but 34% in adjusted profit margin.* This includes at least \$1.1b in classified bookings, \$172 million for the Next Generation Jammer Mid-Band, and \$365 million related to the STARS program. There’s also a next generation FAA-partnered plan for the National Airspace System.
- The company has returned \$4.6 billion to shareholders including repurchasing \$632 million worth of stock in Q2 alone.
- Discounted cash flow analysis suggests that the present value of future cash flows may be somewhere in the \$220-\$230 billion range. Using the number of outstanding shares and the current price of \$85.82 per share as our guide, that implies an intrinsic value of roughly \$140-\$150 per share. I find that low, particularly if already complicated geopolitics get more challenging. \$160 or higher seems entirely possible.



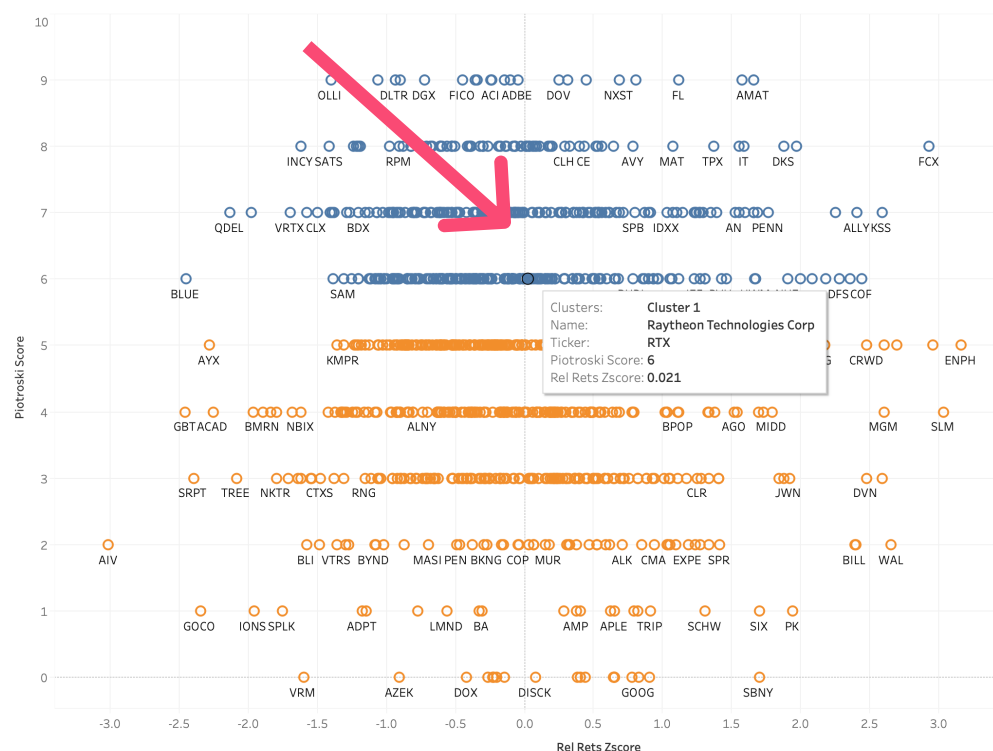
Missiles and inflation protection. What's not to love?

Here's what One Bar Ahead™, our proprietary predictive analytics suite, says about Raytheon.

● The Universe

Raytheon is performing in line with markets as measured by quality and cluster analysis, but I believe that will change quickly if my assumptions are correct about the intersection of technology, defense, and spending.

Over time, I expect Raytheon to track “up and to the right” as the markets take notice.



THE BEST DEFENSE MONEY CAN BUY

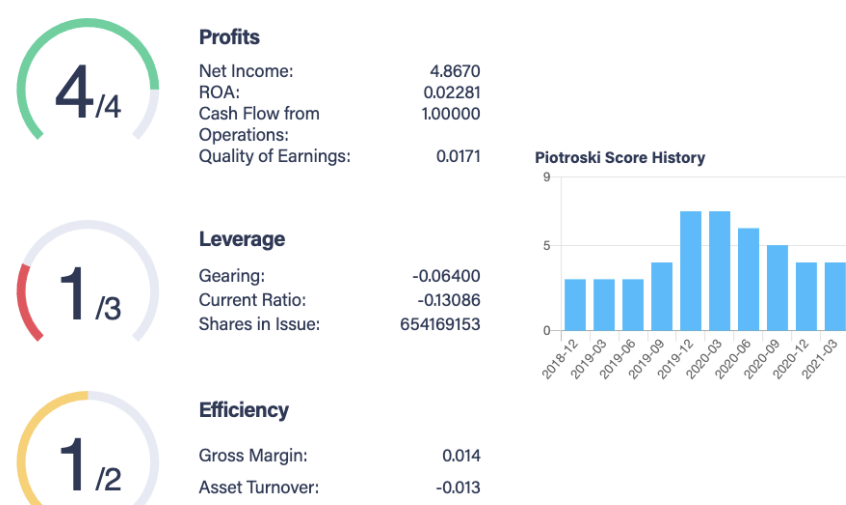
The Fundamentals

The Piotroski Score, which plays a crucial role in my research, suggests the company is in pretty good shape. Despite a brief decline that began in 2020 as a result of Covid, the company is once again charging forward.

Raytheon scores a 6 of 9 possible points which tells me there's still plenty of upside as share prices catch up to improving fundamentals.

Company Fundamentals

The current Piotroski Score is: **6 - (Good Health)**



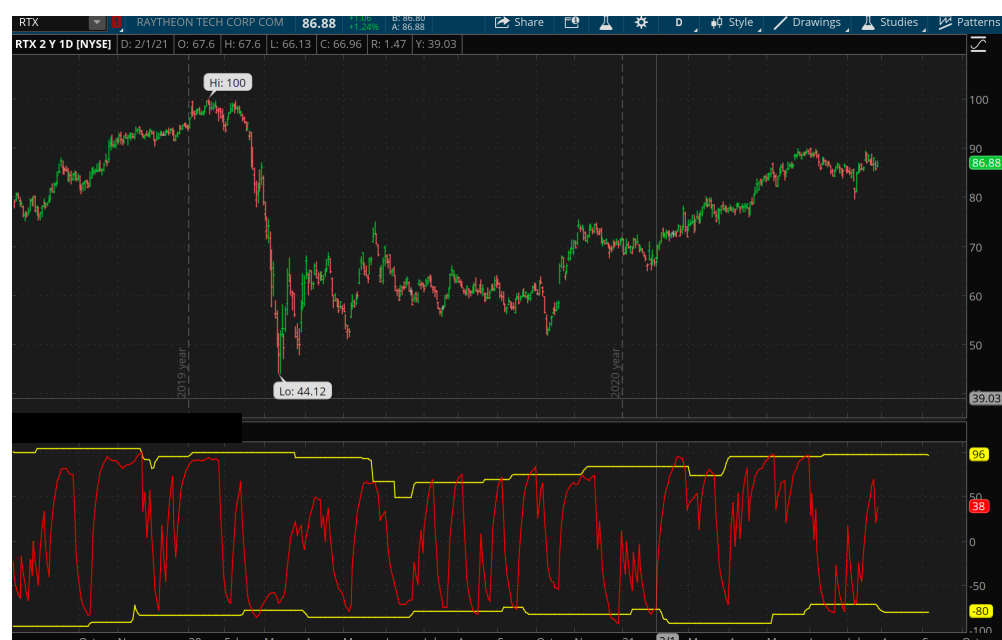
The Master Market Indicator (MMI)

Timing is, of course, a bit tricky.

The amount of money sloshing around in the system because of the Fed's insistence on managing inflation that it says does not exist is causing a fair amount of volatility.

Do NOT let that deter you though!

Buying great companies when practically nobody else wants 'em can result in serious profit potential.



Action to take

Buy Raytheon Technologies (RTX) for \$87 or less to dip your toe in the water. Anything under \$80 is a serious bargain. Immediately implement a trailing stop that's 25% under your purchase price as a safeguard against unforeseen market activity. Tuck shares away in the Global Growth and Income segment of your portfolio.

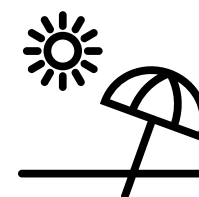
If you'd like to follow along a bit more aggressively, consider buying the 20 Jan 23 \$80 call options (RTX230120C00080000) for \$13.80 or less. They're trading at \$13.30 as I type.

Consider selling cash-secured puts around \$85 per share if you're keen to get paid for shopping and like buying shares at a discount. The September 17 2021 \$85 puts (RTX210917P85) last traded for \$1.66.

This month > **Read the world's best investing magazine wherever you are**



Download it to your device of choice



Enjoy!

PORTFOLIO REVIEW

Plus, this month's OBA 50

Great earnings, even greater
profit potential!

PORTFOLIO REVIEW (AUGUST 2021)

Earnings season has been spectacular by any measurable standard. As we go to press ~59% of companies have reported with 88% of those that have turning in “doubles” – meaning they beat estimates on both the top and bottom line.

The blended Q4 earnings growth rate is a stunning 85.1% which will be the second highest figure on record since Q4 2009 as the world came roaring out of the Global Financial Crisis if it holds. Just 19 S&P 500 companies have reported negative forward-looking guidance while 29 have issued positive earnings per share estimates.

The big fear is that we’ve reached “peak growth,” an expression meaning that this is as good as it will get in terms of year over year comps. I think that’s entirely possible for the year but, critically, that we haven’t even begun to scratch the surface when it comes to what our recommendations will achieve over the next 5-10 years. JPMorgan CEO Jamie Dimon looks *ahead* for the same reasons we do!

People who are “buying the index” or investing passively face a unique challenge few see coming. The broader indices are broken because they reflect a legacy economy, corruption, and antiquated thinking.

Concentration matters more than ever, especially when it comes to building wealth!

● **Foundation Stones (50%)**

This category contains companies intended to be the base around which all other choices are built and will account for roughly 50% of overall investable capital. The intent is to create stability that gives you the freedom to pursue more aggressive choices in the other two tiers over time. There will be some turnover here but, odds are, not much over time because the emphasis is on fundamental underpinnings.

● **Global Growth & Income (40%)**

This category houses companies offering a unique twist on one or more of the “5 Ds” or which are technically of interest and will represent roughly 40% of overall investable capital. The goal with this segment is appreciation potential AND an income boost so expect to see dividend payers and players here. Turnover here may be based on a combination of technical and fundamental data and may be slightly higher. Market action could also trigger entries and exits.

● **Zingers (10%)**

This category is home to the most speculative choices and will account for roughly 10% of overall investable capital.

Zingers are fundamentally compelling but are going to be selected based on a higher relative technical analysis weighting using the OBA engine and the MMI specifically. Expect turnover to be highest in this tier based on technical market action.

● **Foundation stones (50%)**

Apple Inc (AAPL) – Apple absolutely knocked the leather off the ball with an \$81.4 billion top line, and EPS of \$1.30 which beat even my own aggressive EPS estimate of \$1.25. Wall Street analysts expected just \$1 which was ridiculously off base.

In keeping with the pattern lately, shares ran up into Apple’s report then fell as traders took profits and reset their positions.

I hope you took advantage of the situation.

PORTFOLIO REVIEW (AUGUST 2021)

The markets remain blissfully ignorant of Apple's future growth potential which is great for anybody who wants to build a position before the company's stock price accelerates. And, mark my words, it will.

Every Apple product line is on track for double-digit growth or is already there. Standouts include iPhones, services, and "other products" which grew at 49.8%, 33%, and 40% respectively. People argue with me all the time that Apple cannot possibly become worth more than it already is ... but that's exactly what's happening!

Yield is 0.60% (but I think that doubles in under 5 years)

Price target: remains \$200 by year end barring a general meltdown, in which case all bets are off.

JPMorgan Chase (JPM) – JPM also blew the doors off earnings as expected with a 5% beat on the top line and a 17% beat on bottom line.

The company also opened crypto trading to clients this month, which caught a lot of folks by surprise. JPM Coin is crucial to what happens next.

JPM Coin is a "stablecoin" because it has intrinsic value rather than being based on traditional supply and demand. Importantly, JPM Coin will run in conjunction with the Link payment network used by more than 400 banks for everything from securities settlement to payment flow.

Most investors don't see this coming, let alone understand what an impact it will have.

Yield is 2.38%.

Price target: \$200 by year end 2021.

Microsoft (MSFT) – Microsoft has now beaten earnings expectations for 13 straight quarters, most recently reporting revenue of \$46.15B and \$2.17 EPS. Contrasting that to the Street's expectations of \$44.3B and \$1.92, we can see yet again that the rest of the investing public is badly behind the game.

Contrary to public opinion, Microsoft is not even close to reaching its full potential.

Azure, in particular, is still growing by 50% or more and the world is moving ever closer to a "fully remote" capable workplace powered by Microsoft products. The company's subscription model makes it a cash cow.

I expect Microsoft's next big development to be VR or AR-based communication and I cannot wait to see what they've got under wraps.

Meanwhile, continue to add on dips or use a pull back to establish a position if you're just joining us.

Yield is 0.79%.

Price target: \$300 by year end; \$400 within the next 24 months or sooner.

● Global Growth and Income (40%)

BlackRock Science and Technology Trust (BSTZ) - BSTZ remains rangebound in keeping with the constant leveraging/deleveraging cycle pressuring otherwise high growth stocks.

However, do not make the mistake of letting it go because BSTZ is what gives us exposure to several critical high-growth trends associated with Digitalization including quantum computing, AI, VR, and mobility companies.

BSTZ is currently trading at a 4.97% discount to NAV.

Yield: 5.11%.

Price target: \$55

General Mills, Inc. (GIS) – General Mills continues to be a much valued "steady eddy." Management is firing on all cylinders following key acquisitions of pet food companies Blue Buffalo and Tyson Foods' Pet Treats business. Pet food already accounts for nearly 10% of total revenue and the segment is growing at a 5% CAGR.

PORTFOLIO REVIEW (AUGUST 2021)

Importantly, General Mills has paid dividends for 122 years and I see nothing on the horizon that would interrupt that which makes it a very attractive stock for income starved investors.

Yield is 3.44%.

Price target: \$70 by year end

Gilead Sciences, Inc. (GILD) - GILD reported a great quarter with EPS growth of 68% YoY and quarterly revenue growing 21% to \$6.2 billion.

Not surprisingly, primary revenue drivers came from demand for Covid-19 treatment Veklury (formerly remdesivir) which continues to be used in nearly 50% of all hospitalized COVID cases as well as HIV products.

CEO Daniel O'Day remarked that their flagship HIV therapy Biktarvy also saw continued growth and gains in market share despite the ongoing pandemic. That, too, is a favorable development.

Meanwhile, GILD has updated its guidance for 2021 and now expects product sales to be around \$24.7 billion versus their previous projection of \$23.4 billion.

Yield is 4.16%

Price target: \$88

Palantir Technologies Inc (PLTR) – Palantir is expected to report on 8/12. The street expects \$344m in revenues and that's consistent with my back of the envelope calculations.

I expect some volatility during both the run up into earnings and the selloff afterwards if there is one. Use any dips to your advantage.

Most analysts still don't have a clue what the company really does and cannot decide how to categorize it as well because it doesn't fit neatly into the "check box" systems they use.

Yield: none

Price target: \$50 within 12 months; \$100 a share in five years or less.

Pfizer Inc. (PFE) – Pfizer had a stellar 11.89% run this month with good reason.

After posting a double beat by nearly 60%, management raised their 2021 sales forecast for the vaccine to \$33.5 billion from \$26B, inching ever closer to our estimate of \$35B.

As crazy as people thought my original forecast was, history may well prove me low.

Yield is 3.55%.

Price target: \$50

McDonald's Corporation (MCD) – MCD continues its digital revolution. CFO Kevin Ozan reported that global comp sales were up 40% YoY, or 7% on a two-year basis.

He also noted that current sales have now passed pre-covid levels last seen in 2019. International sales were also the strongest in 15 years, showing the strength of pent-up demand.

McDonald's app now includes 22 million rewards program members. And, on a related note, the company's digital footprint is now \$8 billion in sales – or up 70% in the first half of the year!

I'm lovin it ... pun absolutely intended!

Yield is 2.13%.

Price target: \$270

Waste Management, Inc. (WM) – Trash continues to be cash. Management recently increased 2021 growth rate projections to reflect 15.5%-16% as compared to 12.5%- 13%!

The company returned \$492 million to shareholders including \$242 million through dividends and \$250 million through share repurchases.

Yield is 1.66%.

Price target: \$160

Visa Inc. (V) – Visa has beaten earnings for 4 quarters in a row, most recently reporting an earnings beat of 12.03%.

PORTFOLIO REVIEW (AUGUST 2021)

Cross-border transactions volume was the watch point for me, and I was very glad to see a 47% increase overall and 53% increase excluding European transactions.

This signals that the world really is reopening, and it's not just limited to the US or EU but taking place globally.

Yield: 0.52%.

Price target: \$260 by year end, which is very likely low if the Fed moves and rates rise

Costco Wholesale Corp (COST) – New

Yield is 0.74%.

Price Target: \$540 within 12-24 months.

Raytheon Technologies Corp (RTX) – New

Yield: 2.35%

Price Target: \$140 within 12-24 months.

● Zingers (10%)

BridgeBio Pharma Inc. (BBIO) - This month, BridgeBio announced a clinical collaboration with Bristol Myers Squibb to develop OPDIVO for use in solid tumors with the hope of providing an effective new treatment option for patients with difficult-to-treat cancers.

While July was not kind to BBIO, we still believe the company could “pop” with their hub-and-spokes model. The potential long-term payoff remains significant if the short-term chop does not force an early exit.

BridgeBio reports on the 11th. I'm watching carefully for evidence that would allow me to recommend accumulating more shares.

Meanwhile, BBIO is a HOLD.

Price target: \$85.

MGM Resorts International (MGM) - New (inter-month update 8/02/21). Shares shot higher following earnings. So did the call option I recommended. If you've got a double, sell 1/2 of your position for a quick 100% winner. Let the remainder run for now.

Admittedly, it's tempting to take the money and run with the stock too but I think MGM could be one of the truly great sleepers over the next few years.

The new Osaka-based casino will be key and, as of yet, that's entirely unrecognized by most investors.

Schrodinger Inc. (SDGR) – Schrodinger has been a bit of a worry as of late, but not for reasons you may think. I'm increasingly leery of fallout from the Gates Foundation which is suffering from the Gates' divorce. As a reminder, the Gates Foundation owns a big chunk.

Be prepared to let SDGR go if earnings don't look pretty on the 12th. In the meantime, establish an exit by placing a sell order ahead of time at \$80 per share GTC (Good till Cancelled) so that we can capitalize on any quick pop if there is one.

There is no yield.

Price target: \$80

Tesla Inc. (TSLA) – Tesla's latest earnings announcement was simply incredible. Every single metric was a triple digit increase YoY excluding global vehicle supply – which was down on demand. I expect this to stabilize as the Gigafactories in Berlin and Shanghai get up to speed and start pumping out more cars.

Meanwhile, Musk continues to push Tesla forward by making the Megapack energy storage available to the public, opening Tesla Superchargers to other carmakers, and furthering the solar roofs.

There is no yield.

Price Target: \$1,000/share in 12-24 months.

PORTFOLIO REVIEW (AUGUST 2021)

Cash Alternatives

Bitcoin – Bitcoin “caught a bid” earlier in July when Amazon announced that they were looking into accepting it as a form of payment. Crypto fans went crazy over the news but it’s important we don’t lose sight of the big picture ... widespread institutional acceptance.

Ethereum - Ethereum also got a nice bump. It remains my preference as the strongest of the cryptocurrencies available at the moment.

Designed to be a platform in addition to being a store of value, Ether may very well power the widespread adoption of decentralized finance over the next decade.

The recent “London Fork” I wrote to you about in the Morning! 5 with Fitz could make it far less expensive and potentially boost prices too.

I suggest an overall allocation of 0.5%-1% of investable assets between the two, but with a heavier emphasis on ETH rather than BTC.

Please note that these are the most speculative investments in the entire One Bar Ahead™ universe.

Please do NOT invest unless you have a high-risk tolerance and are ONLY investing money you can lose.

Fund Folio

There are no changes to the fund folio this month. However, I am keeping a close eye on market conditions because any Fed-induced volatility this fall could provide a great opportunity to rebalance and line up even more profit potential at the same time.

KEEP UP WITH KEITH!



Las Vegas MoneyShow

He'll be keynoting, hosting panels and teaching a few hotly anticipated breakout sessions at the Las Vegas MoneyShow being held at the Bally's Resort and Casino September 12-14.

Sign up at MoneyShow.com. **Space is very limited** due to ongoing Covid restrictions.

By popular demand, we will also be holding a special, informal get together exclusively for the One Bar Ahead™ Family before the show kicks off on Sunday, Sept 12 @ 16:30-17:00.

Then, we'll attend the opening reception together.

See you there!



PORTFOLIO REVIEW (AUGUST 2021)

One Bar Ahead™ Model Portfolio

One Bar Ahead Model Portfolio

Data as of 08/05/2021

	Stock	Recommended	Price at Entry	Current Price	Yield/Dist Rate	Profit/Loss	Stop Loss/TS	12-24mo Target	Last Instruction
Foundation Stones	AAPL	1/8/21	\$ 132.05	\$ 147.15	0.65%	11.4%	25% TS	\$ 200.00	Add below \$130
	JPM	1/14/21	\$ 141.17	\$ 152.60	2.30%	8.1%	\$105	\$ 200.00	Hold/add below \$135
	MSFT	3/5/21	\$ 226.73	\$ 288.87	0.83%	27.4%	25% TS	\$ 400.00	Hold/add below \$240
Global Growth and Income	GILD	1/11/21	\$ 62.51	\$ 68.92	4.15%	10.3%	25% TS	\$ 88.00	Hold/add below \$60
	PFE	2/5/21	\$ 34.92	\$ 44.98	3.96%	28.8%	25% TS	\$ 50.00	Hold/add below \$35
	BSTZ	2/5/21	\$ 39.31	\$ 41.39	4.89%	5.3%	25% TS	\$ 55.00	Add below \$35
	GIS	6/4/21	\$ 63.72	\$ 57.72	3.38%	-9.4%	25% TS	\$ 70.00	Buy/Add below \$64
	COST	8/6/21	NEW	\$ 442.27	2.23%	NEW	25% TS	\$ 540.00	Buy/Add below \$405
	RTX	8/6/21	NEW	\$ 86.92	2.23%	NEW	25% TS	\$ 140.00	Buy/Add below \$80
	MCD	6/4/21	\$ 231.69	\$ 235.04	2.23%	1.4%	25% TS	\$ 270.00	Buy/Add below \$230
	V	4/7/21	\$ 219.27	\$ 239.51	0.54%	9.2%	25% TS	\$ 260.00	Buy/ Add below \$212
	WM	4/7/21	\$ 132.41	\$ 147.88	1.63%	11.7%	25% TS	\$ 160.00	Buy/ Add below \$130
	PLTR	1/8/21	\$ 25.20	\$ 22.47	0%	-10.9%	None	\$ 50.00	Add/Accumulate
	Zingers	MGM	8/2/21	\$ 37.37	\$ 39.78	0%	6.4%	25% TS	NEW
TSLA		5/7/21	\$ 672.37	\$ 715.78	0%	6.5%	25% TS	\$ 1,000.00	Add below \$600
SDGR		4/2/21	\$ 78.53	\$ 69.50	0%	-11.5%	None	\$ 80.00	Add below \$68
BBIO		3/5/21	\$ 62.52	\$ 56.65	0%	-9.4%	None	\$ 85.00	Add below \$50
Hedges/Inverse	SH	2/1/21		\$ 14.92	0.00%		None		HOLD
	RYURX	2/1/21		\$ 30.76	0.47%		None		HOLD
	UVXY	2/1/21		\$ 26.97	0%		None		Opportunistic


OBA 50

As of August 5, 2021

Ticker	Name	Ticker	Name	Ticker	Name
AAPL	Apple Inc	GILD	Gilead Sciences Inc	QCOM	Qualcomm Inc
ADBE	Adobe Inc	GOOGL	Alphabet Inc	ROKU	Roku Inc
AFRM	Affirm Holdings Inc	HCA	HCA Healthcare Inc	RTX	Raytheon Technologies Inc
AMAT	Applied Materials Inc	JNJ	Johnson & Johnson	SDGR	Schrodinger Inc
AMD	Advanced Micro Devices Inc	JPM	JPMorgan Chase & Co	SQ	Square Inc
AMZN	Amazon Com Inc	LOW	Lowe's Companies Inc	TCEHY	Tencent Holdings ADR
BBIO	BridgeBio Pharma Inc	LRCX	Lam Research Corp	TGT	Target Corp
CAT	Caterpillar Inc	MA	Mastercard Inc	TMO	Thermo Fisher Scientific Inc
COST	Costco Wholesale Corp	MCD	McDonald's Corp	TMUS	T-Mobile US Inc
CRWD	CrowdStrike Holdings Inc	MRNA	Moderna Inc	TSLA	Tesla Inc
DE	Deere & Co	MSFT	Microsoft Corp	TWLO	Twilio Inc
DHR	Danaher Corp	MU	Micron Technology Inc	V	Visa Inc
DIS	Walt Disney Co	NOW	ServiceNow Inc	W	Wayfair Inc
DOCU	Docusign Inc	NVDA	Nvidia Corp	WM	Waste Management Inc
F	Ford Motor Company	PFE	Pfizer Inc	WMT	Walmart Inc
FB	Facebook Inc	PLTR	Palantir Technologies Inc	ZM	Zoom Video Comms Inc
FDX	Fedex Corp	PYPL	PayPal Holdings Inc		

HOLD'EM, FOLD'EM, OR ROLL'EM?

A quick guide for Cash Secured Put Sellers
(and everybody else) wondering what to do next

A photograph of a poker table with a glass of whiskey, stacks of chips, and cigars. The chips are blue and white with the text 'Hambury's Finest' and 'No cash value'. The glass is filled with amber liquid and ice. The background is dark and out of focus.

FOLD'EM OR ROLL'EM; MANAGING SHORT PUTS

● We've all been there...

Or, we will be.

The cash-secured puts we've sold to buy stocks we want to own at a discount are about to go "in the money" or already have.

What do you do?

How do you know when to hold'em, fold'em or roll'em?

The answers are not as challenging as you might think, or Wall Street wants you to believe.

● Here's how I break things down

Start by remembering why you've sold cash-secured puts in the first place.

Many people get caught up in the moment when the market is going against them. That brings all sorts of emotions into the equation that wouldn't (and shouldn't) otherwise be there.

The idea of selling cash-secured puts (as I outlined it in the February issue) is that a) you want to own a stock that interests you at lower price than where it's trading when you put the strategy in motion and b) that you get "paid" to go shopping in the form of a credit you receive for doing so.

Selling cash-secured puts is often my go-to strategy when I want to buy a stock ahead of time or simply want to accumulate shares later. Especially if I sense a potential reversal waiting in the wings or am simply skittish.

The other thing to remember above all else is that selling cash-secured puts can be an ideal way to "buy low and sell high."

It's a rules-based approach that can help keep you on track for profits even if others go off the rails when their emotions take over.

Some folks insist that selling cash-secured puts is a great way to generate income but I'm not a fan of that thinking.



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My experience has been that many of the so-called experts pitching that approach have little or no actual experience with the strategy.

The entire point of selling cash-secured puts is to buy stocks you want at a discount. Income is gravy!

● An example will help

Imagine I've recommended buying XYZ. You've done some additional research on your own to double check my thinking and have concluded 100 shares could be a great addition to your portfolio.

Right now, XYZ is trading at \$50 but you think the better entry is at \$45 a share or less. So, you sell a \$46 cash secured put that expires a month from now for \$1. This makes your entry \$45 ($\$46 - \$1 = \45), not including commissions and fees for simplicity. You set aside the \$4,600 you'll need to make good on your purchase if needed.

If XYZ remains above \$46 through expiration, you get to keep the \$1. Then, if you're still keen to buy XYZ, you can repeat the process as many times as you like. Meanwhile, your \$4,600 stays in "storage."

But what happens if XYZ's price drops to \$46 or less?

FOLD'EM OR ROLL'EM; MANAGING SHORT PUTS

There are three alternatives.

1. Get put

This is a fancy way of saying that the put you've sold will get exercised. When this happens, you will buy the stock for an effective price of \$45 per share using the money you've set aside for exactly this possibility ahead of time.

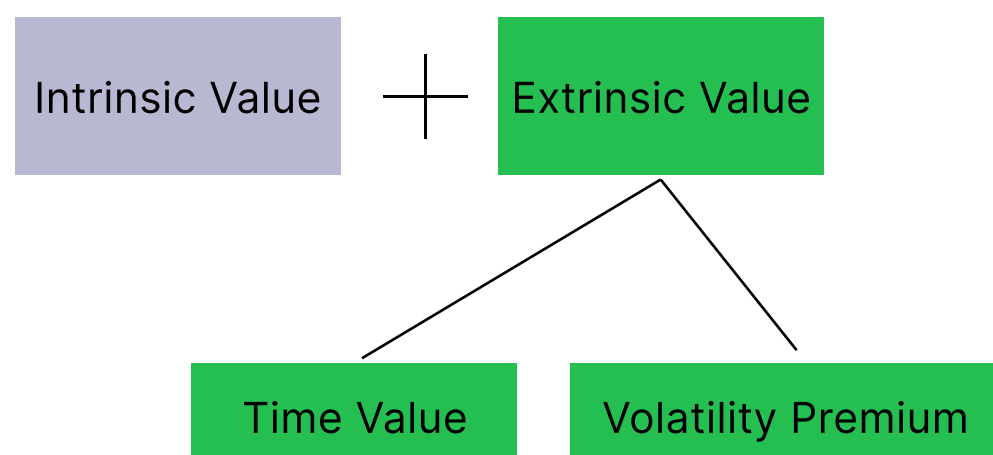
2. Buy back the put you sold

This is something you do to close down the position if you've decided you do not want to own XYZ after all. The trick is that this is usually done at a loss. It's typically a move you'd make if you're moving on, usually because something's changed that obviates or voids your desire to own shares.

I am asked why this is at a loss frequently and the technical answer is that options prices have two components: intrinsic value and extrinsic value. The former is the relationship between the strike price of the option you sold and XYZ's price per share. The latter is the portion of an option's price that is related to the passage of time and volatility.

The plain English answer is that you're generally gonna pay more to get out of the deal than you got paid to get in at the beginning depending on how far XYZ has fallen and how fast. Not always, of course, but enough of the time that I'd be remiss not to mention it.

Option Pricing (Very Simplified)



3. Roll it (down and out)

This is an action you'd take if you still wanted to buy the stock but were now convinced \$42 a share makes sense at a later date. It's really a two-part trade in a single move that's referred to as a "diagonal spread."

In this case, you'd instruct your broker to simultaneously buy back the \$46 put you've sold and, at the same time, sell another put at \$42 that expires at a later date for a credit (meaning you'll receive still more money).

The net impact is that you gain more time and can buy shares at an even lower price potentially.

All three possibilities can improve your profit potential AND decrease risk at the same time!

● How to choose a course of action

I am a big fan of keeping things as simple as possible.

If your objectives are the same as they were to begin with, you'll want to accept the assignment and buy the stock. Then, you simply manage risk accordingly using a combination of trailing stops and profit targets. Just like you'd do for any other stock.

If you think there's another pullback coming and you want to add still more shares, you can sell more cash-secured puts.

There's a lot of flexibility.

If you determine that XYZ no longer fits your investment objectives or risk tolerance, you'll want to buy back the cash-secured put you've sold and take your lumps.

This removes your obligation to buy shares.

What's more, it also frees up the cash you've got in storage for other investments.

People don't think of this as a form of risk control but they should; moving on helps you play offense.

FOLD'EM OR ROLL'EM; MANAGING SHORT PUTS

If you've decided that your original investment premise was not correct (or that my analysis is off base, which is always possible), you'll want to buy back the cash-secured put you've sold. Then, move on.

Because time decay works the way it does, it may be possible to profit even though the stock is going against expectations.

Now, as you might suspect, there are some caveats.

I call'em the "never do's."

● Never do's

Never hold or roll just because you want to avoid a loss.

I hear the "selling put options for income crowd" talking about this frequently. Newsletters especially; they'd have you believe that you're okay as long as you continually roll your options for a credit.

What they're not telling you is that doing so can radically increase your risk at the same time even if prices never go beyond the "strike." More on that in a second!

Never roll for the heck of it.

People who do this are flying by the seat of their pants. Remember why you're selling cash-secured puts ... to buy shares of XYZ that you want to own. If the price drops to your strike, you get to buy at exactly the price you've previously decided to pay.

You are following a carefully orchestrated plan laid out in advance, not acting at random like the vast majority of investors and traders do.

Never sell more puts than you have cash-secured "in storage."

The markets are filled with horror stories of people who have sold more put options than they have cash to back things up.



Never ignore risk!

One of the most famous cases involved a registered RIA/CTA called Options Sellers, LLC out of Tampa, Florida. The company managed roughly 290 accounts and various reports at the time put the total amount under management at ~\$150 million ... substantially all of which was involved in selling options.

Everything went according to plan for a long time. Then, blammo!

Clients were informed on November 15, 2018, that the firm had lost 100% of their money.

As if that were not bad enough, clients were also informed that they would likely owe *more* to make good on the contractual obligations associated with margin used to leverage trading activities.

Founder James Cordier said in a teary video that all that money was wiped out by a "rogue wave", but the sad reality is that management simply sold way more options than they had cash to back up their obligations.

Worse, the firm completely ignored their own risk models all the way down.

Stories like this – and there are a lot of 'em out there – are why I never advocate selling puts on anything other than a cash-secured basis.

FOLD'EM OR ROLL'EM; MANAGING SHORT PUTS

● Giving you the tools to succeed

At the end of the day, my job is really straightforward.

I want to give you the tools you need to succeed and the opportunity to build real wealth.

No matter where you are in life, when you started or how you're finishing, my goal is to help you arrive in style and to achieve your financial objectives faster than you ever thought possible.

Selling cash secured puts can be a great tool to help you do that. A tactic, really.

Long-term success in the markets comes from being crystal clear about two things: 1) what you want to accomplish and 2) the methods you'll use to achieve your objectives.

Having the money to make good on whatever you're doing is essential.

To paraphrase my great-grandfather who was full of beans and witty sayings, "don't ever stick your hand out farther than you can pull it back."

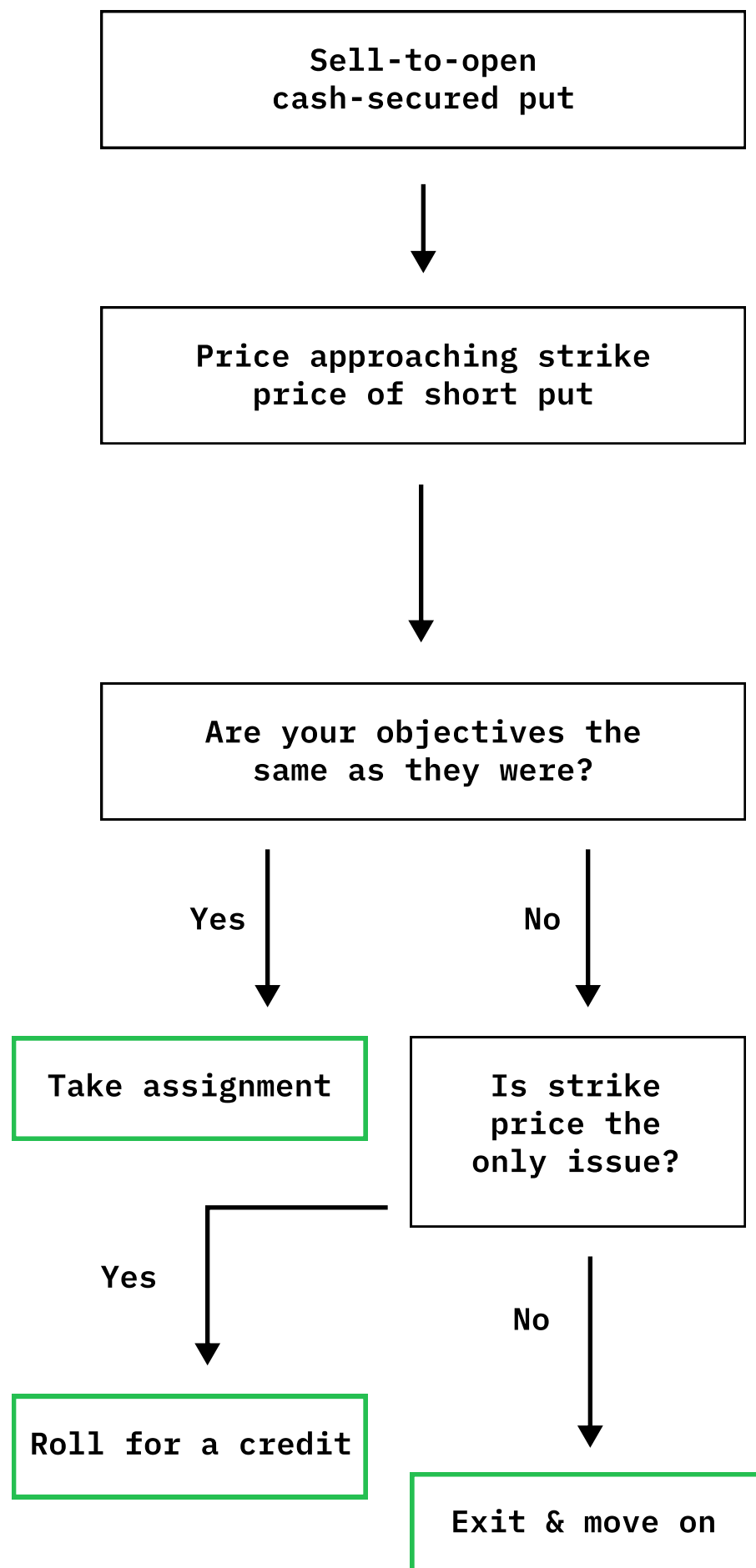
Indeed!

Recap: The "Never Do's"

- Never hold or roll because you want to avoid a loss.
- Never roll for the heck of it. Follow your original plan carefully!
- Never sell more puts than you have cash-secure "in storage"

● The Assign/Roll/Fold flowchart

Use this flowchart any time you are unsure of what to do when a stock price is approaching the strike price of a short put.



INTRODUCING DaaS

**New Trillion-Dollar Industry in the Making
(And we may be the only ones who see it coming!)**



**11
36
WD**

A DEEP DIVE INTO DAAS

● Your body is the next great investing inflection point

Hi, it's Kuni again.

Chances are you've heard the old investment maxim that "it takes money to make money."

That's simply not true.

Anybody can start with no money and create a way to make money, especially if you're good at recognizing what Dad refers to as "key inflection points."

Your *body* is one of the biggest.

In fact, I think it's the next big inflection point and that diagnosis as a service (DaaS) will be a multi-trillion-dollar opportunity within the next 10 years.

● Here's my thinking

According to Domo, we create something on the order of 2.5+ quintillion bytes of data a day or roughly 1.7MB of data for every person on earth every second of the day. That's enough to fill 10 million Blu-ray disks which, if stacked on top of each other, would be taller than 4 Eiffel Towers.

Zoom hosts 208,333 participants in video meetings a minute. Amazon ships 6,659 packages, Facebook users upload 147,000 pictures and consumers spend \$1 million ... every 60 seconds.

Data is growing 4-6 times faster than the global economy.

In fact, the number of bytes in the digital universe last year is already 40X bigger than the number of stars in the observable universe according to the World Economic Forum.

By 2025 – a short few years from now – there could be 175 zettabytes of data according to Seagate. That's so much data that it'd take you 1.8 billion years to download at average connection speeds!



The human body is the final data frontier

It's easy to understand why.

Almost every device we own is constantly gathering, generating and distributing data. From our cell phones to our toasters, it's all "out there" save one critical data set.

Your body.

I think it's a trillion dollar industry almost nobody sees coming except us.

● Diagnosis as a service (DaaS) is a logical progression.

That's a term I coined recently in a Friday AMA (Ask Me Anything) in reference to where Dad and I think Apple's going and why what's happening right now is such a major inflection point.

Everybody else is still thinking about big data in terms of devices, processing, and security but I'm thinking about how DaaS will usher in an entirely new form of medicine in three specific segments that'll I'll get to in a moment.

Think about this:

The basic concept of a medical examination hasn't changed in 2,000 years. You feel out of sorts, visit a doctor where you describe your symptoms and receive reactive treatment based on a limited set of data points.

A DEEP DIVE INTO DAAS

Imagine what happens when you and your doctor can identify health risks before they happen using data gathered unobtrusively from your own body in real time.

Cancer, colitis, celiac disease, diabetes ... even organ transplant rejection detection could all be possible without requiring a visit.

Related sensors installed in your mirror, your toilet and more could analyze everything from your appearance to your stool.

You and your doctor would have access to trillions of data points automatically. You'd almost never have to visit.

To some degree, this is already happening.

For instance, if you suspect you have sleep apnea but don't want to hassle with the expense and time associated with a \$5,000 over night stay in a sleep center, you can get tested in the comfort of your own home using a \$200 kit.

Similarly, you can check your gut, food sensitivities, hormone levels and more, all for less in many cases than your insurance deductible. Again, from the comfort your own home.

● **DaaS: exactly what the name implies**

Instead of software as a service – SaaS, another acronym you may be familiar with because it's been around awhile – DaaS as I coined the term is the use of sensors, big data, and machine learning to make humans healthier, more productive, and efficient.

The addressable DaaS market is hundreds of millions of people right here in the United States alone. Billions of people worldwide. Trillions of dollars worldwide.

The CDC currently reports that 84.9% of adults aged 18+ in the US went to the doctor for any reason in 2019. A staggering 78.9% went to the doctor for "wellness" visits during the same time frame.



A staggering 163 million people go to the Doctor's at least once a year for general diagnosis

The overwhelming majority of these folks simply went to get diagnosed, physically examined, or to get general-purpose checkups just because they thought they "should" be going to the doctors.

If my back of the envelope math is correct, that's ~163 million people give or take.

It's also why telehealth is such a big deal right now. And why DaaS could be an even bigger deal!

● **DaaS bridges the gap**

We're seeing inklings of where this is headed with the introduction of the ECG function on the Apple Watch along with heart data notifications, for instance. In fact, the Apple Watch has already saved several lives including 61-year-old R. Rajhans who had a life-threatening heart condition that he wouldn't have known about until too late otherwise.

Heart patients are increasingly assigned Apple Watches after open heart surgery. I personally know of 2 people who use the ECG feature regularly before doing any sort of exercise, or when they're feeling a little funky to see if they've got any arrhythmia present.

A DEEP DIVE INTO DAAS

The FDA has already approved a prescription only watch based app called NightWare which is intended to help patients suffering from PTSD.

Clinicians are already making adjustments in treatment with surprisingly effective results.

● A new generation of services

Dad often jokes that we are dangerously close to the point where you'll eat an extra donut in the morning only to have your insurance premiums go up in the afternoon.

As funny-sounding as that is, I don't believe he's off base.

Connected sensors are getting smaller, cheaper, and more intelligent. DaaS is a logical outgrowth almost nobody sees coming.

I envision three unique business segments created around personal health data and products, all of which are tuned for your individual needs.

DaaS Business #1: Monitoring

The lowest hanging fruit is businesses that are in what I call the "monitoring" category. This includes products like the Apple Watch and glucose monitoring solutions from Dexcom. The sole purpose of these companies will be to collect your biological data for further analysis elsewhere.

DaaS Business #2: Processing

The next logical tier is processing, meaning devices, apps and more that push personal data gathered in real time through ultra-sophisticated machine learning algorithms and neural networks in order to gain insights about your health.

This could include genetic information, family history, lifestyle habits, dietary preferences, etc.

It will be decidedly preventative, and knowledge based.

DaaS Business #3: Personalized Care

This is the big enchilada. To some extent we're already seeing elements of this emerge. Examples include Future Fit (Accountable Personal coaching by using an Apple Watch) and Veri (Meal and exercise feedback using a continuous glucose monitor). I believe DaaS will enable an entirely new way to live, a statement I don't make lightly.

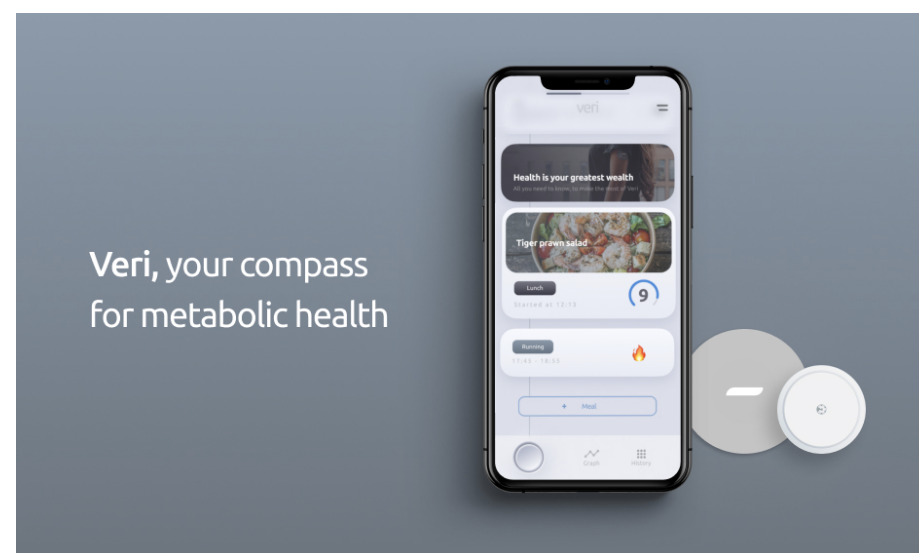
We are fast approaching the point at which DaaS recommendations are made in real time using your personal biometric data, not just gathered via networks of data based on what we now refer to as social media or gamified data.

● I decided to try it out (and the results shocked me)

Many of you know my background but for those of you who don't, I became a professional fencer on the Japanese National Team at 15. This is the squad you see at World Cup Events and, currently, the Olympics.

I lived in Tokyo at the National Training Center where I had access to innovative medicine, diagnosis, and treatment. Every last byte of which was designed to make me better, faster, stronger, and healthier for international competition.

Which brings me to Veri Stable, an early-stage startup in Finland.



A DEEP DIVE INTO DAAS

The company bills itself as "your metabolic compass" which, given my personal interest in high performance living intrigued me.

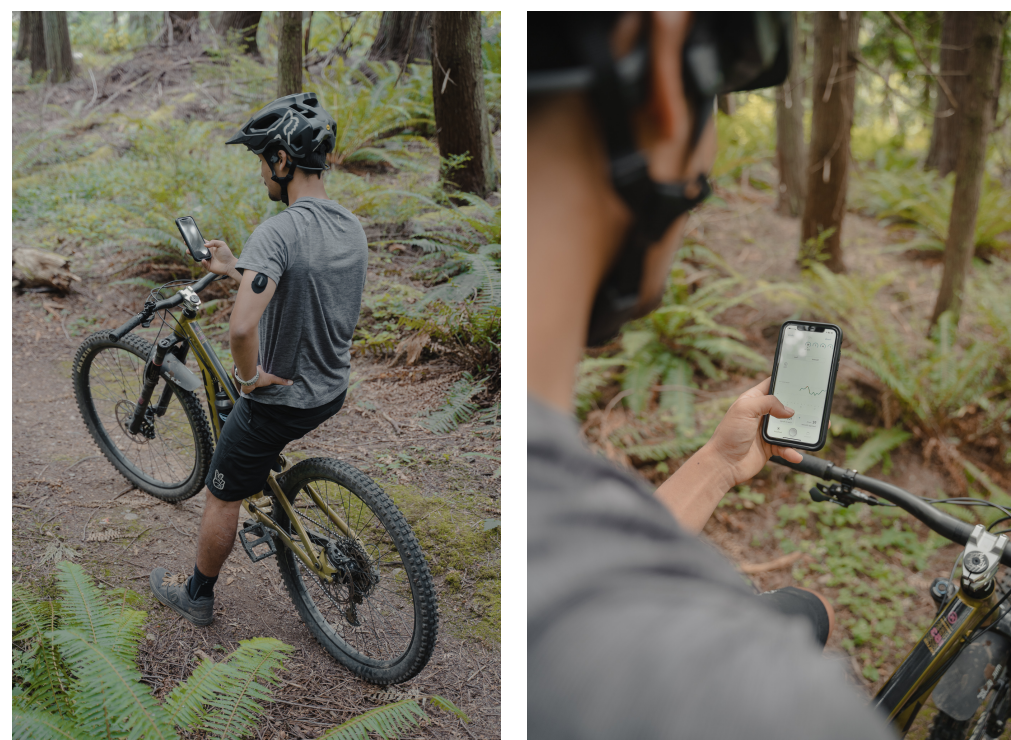
Veri Stable pairs a combination of off-the-shelf glucose monitors with a very slick app to give you real-time insight into how your body reacts to specific foods and activities. It's a processor, or #2 using the list I've just shared with you.

I jumped at the chance to personally test their debut product.

● Here's what I learned

First, sensors have come a long way. I was poked, prodded and stuck with all sorts of needles in the training center and at competitions around the world during my fencing career. The Veri Stable uses a tiny sticker with a subcutaneous sensor you hardly know is there and – get this – works for two weeks at a time. All I have to do to get a reading is wave the phone near it on my left tricep.

Second, the data is super useful, immediate, and accurate. I could easily track my blood glucose which allowed me to modify my diet and exercise program for optimum performance in real time. No guesswork required.



Scanning the data was simple. Plus I was easily able to compare how I was feeling to my glucose data.

Third, truly personalized meal planning is absolutely doable because Veri Stable allows me to see the impact specific foods have on my body almost instantaneously. For example, I felt like Captain America once I figured out that eating oatmeal for breakfast, a quesadilla with chicken for lunch, and tying it together with a mid-day protein shake was the magic trifecta. Or, like a sloth at other times because I'd eaten cookies and a big bowl of ramen (in that order much to Mom's chagrin)!

● Potential investment implications

Investing in DaaS is surprisingly easy.

DaaS categories #1 and #2 – monitoring and processing – will be the quickest path to profits because they're the picks and shovels plays upon which everything else gets built. Category #3 is a bit farther out but already rushing towards us.

Apple Inc. (AAPL)

Apple is at the very vanguard of wearable technology in terms of data collection, processing and utilization. CEO Tim Cook has made healthcare a top priority and, in fact, said that he thinks healthcare will be Apple's single greatest contribution.

Amazingly, the markets still don't see this coming, despite the fact that Gartner predicted global spending on wearable technology will be nearly \$100 billion by 2022, a 35% jump from \$69 billion in 2020.

Target: \$200 a share by mid-2022 at the latest.

Palantir (PLTR)

Palantir is a similar story but one that revolves around data itself. It's controversial and commonly associated with defense but, in reality, has played a key role in fighting Covid-19 and processing massive amounts of health-related data.

A DEEP DIVE INTO DAAS

Palantir's Foundry is key.

That's a unified platform allowing real time collaboration, breakthrough data analysis, and novel statistical analysis for healthcare institutions worldwide.

The fact that Palantir is so misunderstood by so many people is a bonus because that's allowing shares to languish at the lower end of the trading range where accumulation "on the cheap" is absolutely doable for most investors.

Target: \$50 within the next 12-24 months.

Rockley Photonics

(Soon to be RKLY, following regulatory approval of an agreement with SC Health, a SPAC this past March as SCPE)

Rockley makes digital health sensors that are being billed as a "clinic on the wrist" to provide noninvasive biomarkers.

What makes Rockley products different from the competition is the use of proprietary spectroscopy technology based on discrete laser output from a single chip covering a broad optical band.

Competitors use broad spectrum light sources by comparison. This will allow noninvasive monitoring of everything from blood to interstitial fluids and dermis with results formerly only measurable by bench-grade laboratory equipment.

Rockley is also a key Apple supplier for health sensors used in products such as the Apple Watch.

Target: TBD depending on initial trading as RKLY.

Global X Telemedicine & Digital Health ETF (EDOC)

Tapping into small off the radar companies in this space is super challenging because the usual suspects – Apple, Microsoft, Google and Amazon - dominate.

I think EDOC is a worth a look.

Investments include connected devices, administrative digitization, analytics, and telemedicine. Top holdings as of press time include Illumina, Dexcom, Agilent Technologies and Laboratory CP along with UnitedHealth Group and Nuance Communications.

The fund has returned an impressive 21.82% since inception as of July 31, 2021, but that may come under pressure if the reflation trade deflates. Buying on a healthy pullback may be the better play if you've got the patience.

Target: \$30 if Covid 2.0 emerges.

● The bottom line

DaaS is in its infancy and, as of yet, completely unrecognized by most investors who think about the companies involved as making "other" products outside the health care space. And that, in turn, means there's plenty of upside up for grabs!

Future Deep Dives

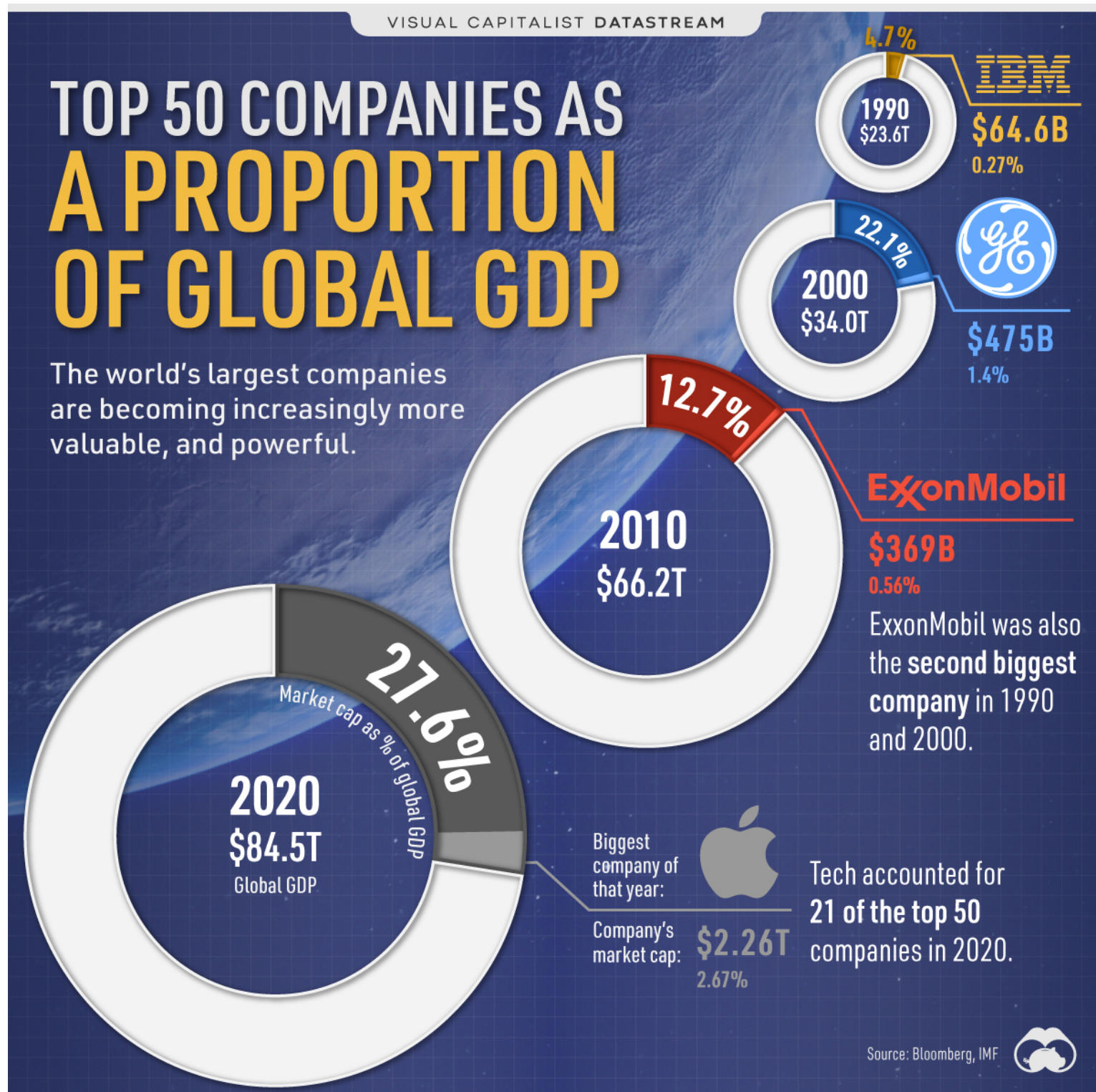
This article came about after numerous requests for Kuni to elaborate on DaaS, and the future investment implications involved.

Future topics will include:

- How the Fed tapering will affect markets
- More on European markets
- The future of REITs
- Building out rock solid retirement portfolios
- How President Biden's plans will affect the markets
- Real estate/housing markets
- Impacts of the employment crisis

If you have anything you'd like us to cover, please send your Deep Dive request immediately to: magazine@onebarahead.com.

THE "FASCINATOR"



Source: Visual Capitalist

My POV:

Many investors continue to hunt for small, off the radar companies because they've been taught for a generation that's how they find the next big winners. They might, but my research and data like this suggest that's a mistake.

The world's Global Domestic Product (GDP) has grown 3.5X since 1990 but the world's "best companies" have grown 5X as reflected by their total market capitalization.

Digitalization has played a huge role in that growth. Tech now accounts for 21 of the world's top 50 companies and more than 27.6% of global GDP versus just 4.7% in 1990.

Best, not rest!



ASK KEITH

Thanks for the feedback!

At your suggestion, we're going to be combining Ask Keith with the weekly AMA's.

**Please send your super-savvy questions to:
askkeith@onebarahead.com**

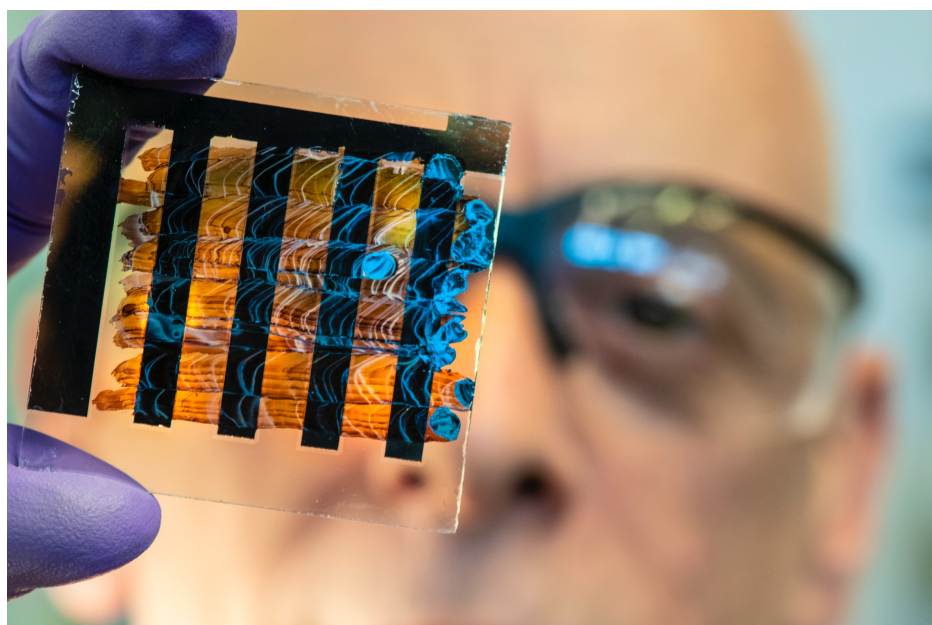
We read every email and, frankly, it's something I look forward to every week!

HIGH PERFORMANCE OVER 50™

New research, blockbuster results!

A microscopic image of various cells, likely fibroblasts, showing blue and red fluorescence. The cells are scattered across the frame, with some appearing as bright blue spots and others as larger, more complex structures with red and blue components. The background is dark, making the fluorescent cells stand out.

HIGH PERFORMANCE OVER 50



Reduce body fat with no changes in physical activity or diet?!?!

“You’ve got to be kidding,” I thought to myself.

I’ve been a competitive athlete all my life. If there’s one thing I’ve learned, it’s that fat-loss is directly related to the food I take in and the activities I do to burn it off. Stress makes the relationship more complicated.

New research suggests that R-lipoic acid may be helpful.

Lipoic acid is produced by our mitochondria, the tiny power stations that convert the energy from food into a form that our cells can use. They’re located in the fluid surrounding each cell’s nucleus and are what scientists refer to as free-radical scavengers.

There are two forms of Lipoic acid: the less biologically active “S” form and the more biologically active “R” form. Most supplements provide the two in a 50/50 ratio.

Researchers from Oregon State University, Oregon Health & Sciences University and the Boston University School of Medicine recently found that 26% of obese or overweight participants in a 24-week trial who received 255 mg of R-lipoic acid two times a day experienced a drop in body fat of at least 5% with no changes in diet or exercise. Women, though, experienced a drop in body fat of at least 6.5% and an average weight loss of 3.2%, also with no changes in diet or exercise.

I did a double take because that’s not even the best part.

The same studies also showed that regular R-lipoic supplements improved oxidative stress markers consistent with several age-related chronic health problems ranging from dementia to Parkinson’s, cancer and cardiovascular disease. Even schizophrenia patients can apparently benefit from R-lipoic acid.

Some scientists and researchers also suggest regularly taking R-lipoic acid may produce health benefits associated with blood glucose, lipids and decreasing key markers of systemic inflammation like C-reactive proteins and interleukin-6.

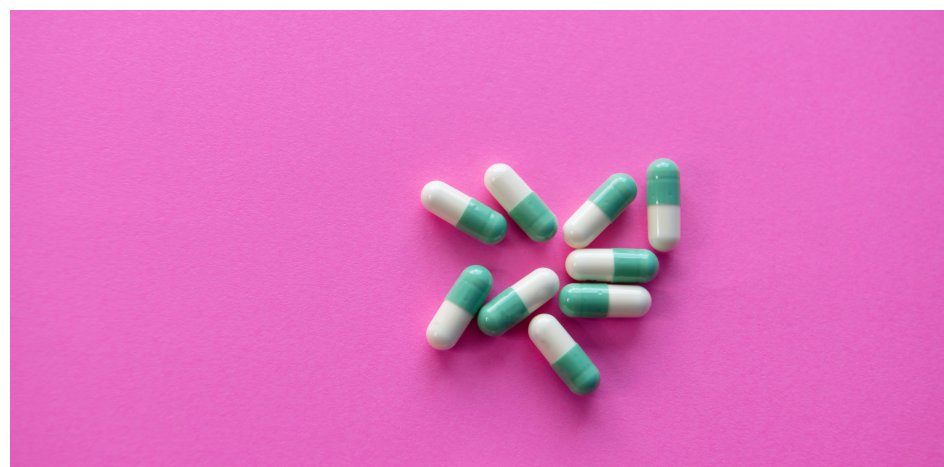
I reached out to Steve Diamond, CEO of Steve Diamond Fitness for his take. He’s one of the nation’s premiere hi-performance trainers and comes at fitness from a wellness perspective.

Steve told me, “there’s something to it but not like you think.”

Then he explained.

There isn’t a magic pill and odds are there never will be. “People’s body chemistries are different so every “body” will respond uniquely to any substance including R-lipoic acid.” Steve observes scientific studies are typically very controlled, so the path forward depends on genetics, environment, exercise and yes, diet.

That makes perfect sense to me.



Surprising health benefits!

HIGH PERFORMANCE OVER 50

I've always believed that health and wealth go hand in hand.

It is no accident that the best results in both areas come from a proactive approach rather than chasing and reacting to a disease-based paradigm.

Steve makes it a point with his clients to experiment and to keep an open mind as they figure out what works in the real world. Just like investing.

That's ultra-important, he adds, "because you will be proving to yourself that R-lipoic acid works rather than spinning your wheels based on something you've heard or read." Obviously, he adds, "check with your doctor first!"

The key takeaway is simple.

I'm not content to watch life pass me by any more than you are.

Anything that can help me stave off aging, reduce neurotoxicity and lower oxidative stress levels is of extreme interest. Doing so makes me a better husband, father, friend and colleague.

Dare I say it, being healthy also improves my financial acumen because I can think deeply, clearly and for longer periods of time than I would be able otherwise.

Even better if I can manage my weight in the process!!

Noriko, of course, has already duly reminded me that this newly found knowledge is not a license to consume more cookies.

We'll see! 😊

KF

References/Resources

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Akbari M, Ostadmohammadi V, Tabrizi R, et al. The effects of alpha-lipoic acid supplementation on inflammatory markers among patients with metabolic syndrome and related disorders: a systematic review and meta-analysis of randomized controlled trials. *Nutr Metab (Lond)*. 2018; 15:39. Published 2018 Jun 5. doi:10.1186/s12986-018-0274-y

Financial health and wealth are inextricably linked.

I encourage you to reach out to Steve who, you'll be pleased to know, does virtual training from his home base in San Diego.

His introductory video is inspiring as all heck!

I promise it will be time and money well spent if you become a client; I know because I've trusted him with my fitness for years.

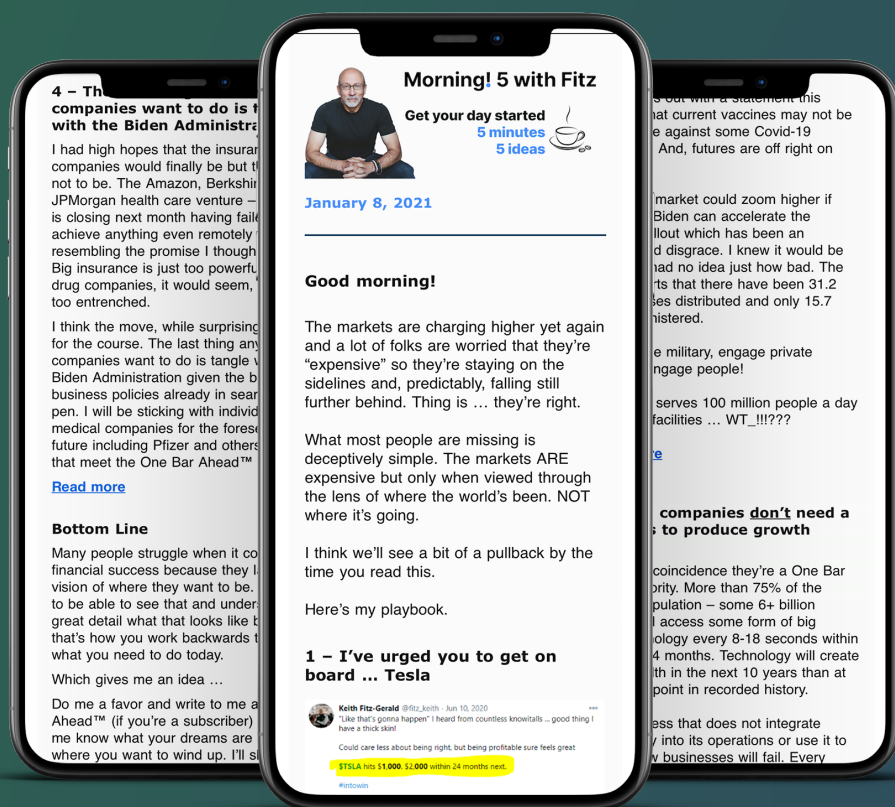
(And, believe it or not, Steve is 66 years young. If he can do it, we can all do it.)

www.stevediamondfitness.com



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